

INNOVATIVE SOLUTIONS & SUPPORT INC
Form 10-Q
February 16, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

[For the transition period from to]

Commission File No. 000-31157

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

(Exact name of registrant as specified in its charter)

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PENNSYLVANIA
(State or Other Jurisdiction
of Incorporation or Organization)

23-2507402
(I.R.S. Employer
Identification No.)

720 Pennsylvania Drive, Exton, Pennsylvania
(Address of Principal Executive Offices)

19341
(Zip Code)

(610) 646-9800

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

- | | |
|--|---|
| <input type="checkbox"/> Large accelerated filer | <input type="checkbox"/> Accelerated filer |
| <input type="checkbox"/> Non-accelerated filer (Do not check if a smaller reporting company) | <input checked="" type="checkbox"/> Smaller reporting company |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 29, 2016, there were 16,966,014 shares of the Registrant's Common Stock, with par value of \$.001 per share, outstanding.

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	December 31, 2015 (unaudited)	September 30, 2015
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 16,273,491	\$ 16,282,039
Accounts receivable	5,346,678	2,394,695
Unbilled receivables, net	2,686,324	3,920,209
Inventories	4,523,910	4,597,316
Deferred income taxes	933,499	933,499
Prepaid expenses and other current assets	928,344	1,221,717
Total current assets	30,692,246	29,349,475
Property and equipment, net	7,047,627	7,095,330
Other assets	168,948	168,948
Total assets	\$ 37,908,821	\$ 36,613,753
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable	\$ 2,570,818	\$ 1,435,981
Accrued expenses	2,907,006	2,568,531
Deferred revenue	738,443	756,745
Total current liabilities	6,216,267	4,761,257
Non-current deferred income taxes	507,184	507,184
Other liabilities	2,826	2,826
Total liabilities	6,726,277	5,271,267
Commitments and contingencies (See Note 6)		
Shareholders' equity		
Preferred stock, 10,000,000 shares authorized, \$.001 par value, of which 200,000 shares are authorized as Class A Convertible stock. No shares issued and outstanding at December 31, 2015 and September 30, 2015		

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Common stock, \$.001 par value: 75,000,000 shares authorized, 18,756,089 issued at December 31, 2015 and September 30, 2015, respectively	18,756	18,756
Additional paid-in capital	51,204,218	51,148,722
Retained earnings	603,330	818,768
Treasury stock, at cost, 1,846,451 shares at December 31, 2015 and September 30, 2015	(20,643,760)	(20,643,760)
Total shareholders' equity	31,182,544	31,342,486
Total liabilities and shareholders' equity	\$ 37,908,821	\$ 36,613,753

The accompanying notes are an integral part of these statements.

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INNOVATIVE SOLUTIONS AND SUPPORT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended December 31,	
	2015	2014
Net sales:		
Product	\$ 5,940,410	\$ 4,549,520
Engineering development contracts	643,168	